2016 MONTANA STATE LAND GRAZING RATE

The base or minimum rate charged per animal-unit-month (AUM) on state trust grazing lands is calculated annually using a formula set in state law (§77-6-507(2), MCA). That formula takes the average price per pound of beef cattle in Montana for the previous year, times a multiplier established by the Board of Land Commissioners. Beef cattle prices are provided to the Department each year by the Montana Agricultural Statistics Service. The market year price used to set the 2016 rental rate is \$1.8678/lb.

In November 2011, the Land Board increased the multiplier from 7.54 to 10.48, to be phased in over a five-year period (2012 – 2016). The 2016 rate is calculated as follows:

\$1.8678/lb. X 10.48 (multiplier) = \$19.57/AUM

The increase over the 2015 grazing rate of \$14.41/AUM is a result of the multiplier increasing 6% (from 9.89 to 10.48) and beef cattle prices rising 28% (from \$1.4574 to \$1.8678).